

Yahoo! Re-Aligns Organization to More Effectively Focus On Key Customer Segments and Capture Future Growth Opportunities

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Today, we announced a reorganization of our structure and management to align our operations with its key customer segments -- audiences, advertisers and publishers -- and more effectively leverage Yahoo!'s significant strengths to capture future opportunities for growth.

"We're moving aggressively to deliver the most possible value to our key customers -- audiences, advertisers and publishers -- and seize the major new opportunities we see ahead for the Internet," said Terry Semel, Yahoo! chairman and chief executive officer. "The Internet is continuing to grow and evolve at a rapid pace, and we're reshaping Yahoo! to be a leader in this transformation, just as we did successfully five years ago. Our strategy capitalizes on big emerging trends and leverages our core strengths in search, media, communities and communications. We believe having a more customer-focused organization, supported by robust technology, will speed the development of leading-edge experiences for our most valuable audience segments. In turn, we plan to drive growth and profitability by leveraging our deep audience insights to create a full-fledged advertising network, with a marketplace that meets supply and demand both on Yahoo!'s valuable owned-and-operated network and across the entire Internet."

Yahoo!'s strategy is to create unique user experiences and consumer insights by leveraging its unmatched global user participation, connections and data. Our new structure is designed to drive this strategy by aligning the organization with four key objectives:

- Expand customer-centric culture and capabilities -- We will develop rich experiences for each audience segment and deliver solutions to meet the needs of all advertisers and publishers worldwide. We will organize our services around audience segments and advertising customers, rather than around products.
- Create leading social media environments -- We will leverage our strong positions in community, communications, search, as well as media content across our global network to create leading social media environments, which will encourage every user on the Yahoo! network to participate in the consumption and publishing of information, and knowledge through tagging, reviewing, sharing of images and audio, and other social media activities.
- Lead in next-generation advertising platforms -- We will extend our industry-leading breadth of offerings to give the most diverse array of advertisers, from large brand marketers to local merchants, every opportunity to connect with audiences on and off Yahoo!.
- Drive organizational effectiveness and scale -- We will recruit and retain the best industry talent and focus our resources on high-impact, network-wide platforms to help capture the most significant long-term growth opportunities.

Three Operating Groups Under the new structure, we will have two customer-focused groups, each led by a senior, experienced operating executive, and a strengthened technology function headed by the chief technology officer. All three executives will

report directly to Terry Semel. These groups are:

Audience Group – This group will be focused on building the largest and most valuable audiences and relationships on and off the Yahoo! network, creating more unique, tailored and engaging experiences for our valuable users. The group will leverage the success the company has had to date, as the largest global Internet destination, to further enhance its existing products in search, media, communities and communications; build social media environment across Yahoo!; open more opportunities for users to take advantage of Yahoo! tools and services off network and through mobile and digital devices; and pursue growth opportunities in emerging international markets. We have launched a search for an experienced executive to serve as head of this group.

Advertiser & Publisher Group – This group will lead the transformation of how advertisers connect with their target customers across the Internet, with the goal of driving more value for more advertisers and publishers than any other company. This group will be created by combining our broad array of marketing solutions, its industry leading sales teams, and its thousands of high quality distribution partners, to create a full-fledged global advertising network on and off Yahoo!. This is designed to benefit both advertisers and publishers and significantly enhance the company's monetization capabilities, by leveraging the size and scale of Yahoo!'s advertising network. Specifically, this group will provide customer-oriented solutions across all major segments, including large advertisers and agencies, small- and medium-sized businesses, local advertisers, resellers and publishers, as well as develop advertising platforms and marketplaces for the future. It will be headed by Sue Decker, who has served as chief financial officer since 2000. Decker has also been an important contributor to the company's business strategy, has set and managed all aspects of financial and administrative direction, and has recently overseen the Yahoo! Marketplaces business unit, which she will continue to oversee as part of the Advertiser & Publisher Group.

Technology Group --Our industry-leading technology group, headed by Chief Technology Officer Farzad Nazem, will continue to support the entire organization. In addition to closer engineering integration within product teams, we will concentrate key engineering talent and shift investment towards the development of high-impact, scalable, global platforms and infrastructures to help capture the most significant long-term growth opportunities. For example, the group will be chartered with leveraging our platform investments in community to create the technology platforms for new social media environments. In addition, it will have a mandate to speed the development of innovative, next generation advertising platforms beyond Project Panama to support the expansion of our global advertising network. We also remain committed to developers and its specific focus on advanced product development.

New Structure Will Increase Accountability, Speed Decision-Making Semel said, "We're putting the right people in the right places to execute our focused growth strategy. Yahoo! has an extraordinarily skilled and experienced group of senior executives, and we're adding outside senior talent to this already strong team. Our new structure gives us the opportunity to draw more fully on Yahoo!'s deep bench of talent, both at the new

group level and down through the organization, while also increasing accountability, reducing bottlenecks and speeding decision-making. We'll also continue to drive sustained innovation by recruiting, developing and retaining the best talent in our industry."

Yahoo!'s senior management team, actively led by Semel and with the continued participation of Yahoo! co-founder Jerry Yang, will work closely together on a daily basis to ensure that the company is aggressively moving its strategy forward, driving long-term growth and fulfilling our core mission to connect people to their passions, their communities, and the world's knowledge.

The company has a search under way for a new chief financial officer to succeed Sue, who will be assisting in this search. Sue will continue to serve as CFO in the interim. The new CFO and other corporate functions, including corporate development, legal affairs, human resources and corporate communications will report to Terry.

Dan Rosensweig, chief operating officer, has decided to leave Yahoo!, at the end of March, to ensure a smooth transition.

"Since joining Yahoo! almost five years ago, Dan has been a driving force behind our phenomenal audience and advertising growth, helping shape the development and creation of some of the most adopted and innovative services on the Web today. At the same time, he has helped build some of our most valued partner and client relationships, resulting in our strong advertising success during the last five years," said Semel. "Dan has been closely involved in our efforts to realign our business for the next phase of growth, and has built a world class team under him. Dan was one of my first executive hires at Yahoo! and I am very appreciative of the friendship, leadership, vision and passion that he has brought to Yahoo!. We will all miss Dan and thank him for all he has done."

The changes in leadership assignments are effective January 1, 2007. We expect to complete our reorganization by the end of Q1 2007.

Building on Yahoo!'s Positive Momentum We are moving aggressively to secure leading positions where it sees the largest opportunities for growth on the Internet. Over the past month, among other steps, We have

- Announced a strategic partnership with the publishers of more than 150 U.S. daily newspapers to deliver search, graphical and classified advertising to consumers in their own communities;
- Received encouraging feedback on the roll-out of its new search advertising platform, known as Project Panama;
- Announced a partnership with Vodafone that will use innovative technology to create a new mobile phone advertising business;
- Released the beta version of its graphical advertising platform for the mobile Web in the United States, complementing the search advertising platform for the mobile Web released earlier in the year;
- Announced plans to acquire Bix.com, a social media contest site; and
- Continued to have tremendous success with the international expansion of Yahoo! Answers.

“We already have leading positions in many areas across the Internet, from community, to communications, to media content,” Semel noted. “With our new organization and a focused growth strategy that leverages our core strengths, we’re well positioned to extend our leadership in the years ahead.”